

## Message Text

UNCLASSIFIED

PAGE 01 PARIS 04378 01 OF 02 191839Z

47

ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-02 PA-02 PRS-01 USIA-15 /108 W

----- 098727

R 191828Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6813

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 01 OF 02 PARIS 04378

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: FINANCE MINISTER ON MONETARY REFORM

1. SUMMARY. IN FEBRUARY 18 SPEECH TO AMERICAN CHAMBER OF COMMERCE IN FRANCE, FRENCH ECONOMICS MINISTER FOURCADE SPELLED OUT IN DETAIL FRENCH VIEWS ON CURRENT INTERNATIONAL MONETARY PROBLEMS. BY AND LARGE, HIS REMARKS COVERED FAMILIAR GROUND. HE EMPHASIZED FRENCH POSITION THAT THERE SHOULD BE PROMPT RETURN TO FIXED RATE STRUCTURE. HE INDICATED HIS EXPECTATION THAT HE AND SECRETARY SIMON WOULD SETTLE QUESTION OF CENTRAL BANK PURCHASES OF GOLD DURING MONETARY MEETINGS IN PARIS NEXT JUNE. HIGHLIGHTING FRENCH SUPPORT FOR KISSINGER/SIMON

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 04378 01 OF 02 191839Z

SAFETY NET PROPOSAL, HE COMMENTED THAT FRENCH ATTITUDE

ON THIS MATTER SHOWED FRANCE WAS NOT ALWAYS NEGATIVE TO AMERICAN INITIATIVES IN INTERNATIONAL MONETARY FIELD. END SUMMARY.

2. IN LONG, HIGHLY TECHNICAL SPEECH AT ANNUAL DINNER OF AMERICAN CHAMBER OF COMMERCE IN FRANCE FEBRUARY 18, ECONOMICS AND FINANCE MINISTER FOURCADE SPELLED OUT IN DETAIL FRENCH POSITIONS ON INTERNATIONAL MONETARY PROBLEMS AND FLAGGED A NUMBER OF DIFFERENCES BETWEEN U.S. AND FRENCH VIEWS IN THIS FIELD. FOLLOWING PARAGRAPHS SUMMARIZE FOURCADE'S MAJOR POINTS.

3. CONTINUATION OF PRESENT MONETARY DISORDER WOULD PRESENT GREAT DANGERS. OLD MECHANISMS HAVE BROKEN DOWN, AND MUST BE REPLACED BY NEW INTERNATIONAL MONETARY SYSTEM AND NEW ECONOMIC AND FINANCIAL SOLIDARITY. IN PARTICULAR, WORLD SHOULD RETURN TO FIXED RATE STRUCTURE AS SOON AS POSSIBLE. SDR SHOULD BE AT CENTER OF SYSTEM. INDEED, IN LINE WITH THIS CONCEPT, FRANCE SACRIFICED ITS TRADITIONAL POSITION ON GOLD TO SUPPORT BASKET SDR CONCEPT.

4. ROLE OF GOLD IN NEW MONETARY SYSTEM IS, HOWEVER, ONE QUESTION ON WHICH U.S. AND FRANCE ARE STILL NOT IN AGREEMENT. ADMITTEDLY, THERE HAS BEEN CONSIDERABLE PROGRESS ON DEMYSTIFICATION (BANALISATION) OF GOLD, NOTABLY AGREEMENTS TO DO AWAY WITH OFFICIAL PRICE AND LET CENTRAL BANKS PUT REALISTIC VALUE ON GOLD STOCKS. HOWEVER, FRANCE WANTS GOLD TO CONTINUE TO BE A MONETARY ASSET AMONG OTHERS, WHEREAS U.S. FAVORS DEMONETIZATION. THUS FRANCE WOULD GIVE CENTRAL BANKS FREEDOM TO BUY AS WELL AS SELL GOLD. "THIS IS THE CENTRAL PROBLEM WHICH WILL BE DEBATED BETWEEN SECRETARY SIMON AND ME DURING NEXT ROUND OF MONETARY MEETINGS, WHICH WILL TAKE PLACE IN PARIS IN JUNE."

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 PARIS 04378 02 OF 02 191844Z

47

ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-02 PA-02 PRS-01 USIA-15 /108 W

----- 098840

R 191828Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6814

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 02 OF 02 PARIS 04378

5. FINANCIAL SOLIDARITY MUST BE ACHIEVED ON THREE FRONTS: WITHIN EUROPE, AMONG INDUSTRIAL COUNTRIES, AND BETWEEN INDUSTRIAL AND DEVELOPING COUNTRIES. WITHIN EUROPE, AGREEMENTS HAVE ALREADY BEEN REACHED ON MEDIUM TERM SUPPORT FOR ITALY AND ON EC BORROWING. DISCUSSIONS ON CONCERTED EXCHANGE RATE POLICY AMONG EC COUNTRIES AND CREATION OF EUROPEAN UNIT OF ACCOUNT ARE EXPECTED TO BE ACCELERATED, AND AGREEMENT THEREON WOULD CONFIRM EUROPEAN SOLIDARITY.

6. AS FOR SOLIDARITY AMONG INDUSTRIAL COUNTRIES, FRANCE HAS FROM THE BEGINNING SUPPORTED KISSINGER/SIMON SAFETY NET PROPOSAL. FRENCH ATTITUDE ON THIS MATTER  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARIS 04378 02 OF 02 191844Z

"SHOWS THAT FRANCE IS NOT THE COUNTRY WHICH ALWAYS SAYS 'NO' TO AMERICAN INITIATIVES. WHEN THESE INITIATIVES APPEAR TO BE GOOD WE SAY 'YES'; WHEN THEY APPEAR TO BE BAD, WE SAY 'NO'."

7. SOLIDARITY AMONG EUROPEAN COUNTRIES AND AMONG INDUSTRIAL COUNTRIES WOULD BE MEANINGLESS, HOWEVER, IF NOT COMPLETED BY ARRANGEMENTS INCLUDING DEVELOPING COUNTRIES. IN THIS AREA, FRANCE CONTINUES TO BELIEVE FIRST PRIORITY FOR INDUSTRIAL COUNTRIES SHOULD BE TO MAINTAIN HIGH LEVEL OF BILATERAL AID. FRANCE ALSO

FAVORS SDR-DEVELOPMENT AID LINK, WHICH "SOME OTHER INDUS-  
TRIAL COUNTRIES" OPPOSE. MOREOVER, THEIR OPPOSITION  
HAS LED THEM TO PUT FORWARD SUCH BIZARRE IDEAS AS  
PROPOSAL TO SELL OFF IMF GOLD IN DRIBBLES. FRANCE HAS  
LONG FAVORED ARRANGEMENTS TO STABILIZE PRICES OF  
PRIMARY PRODUCTS AND BELIEVES THIS MUST BE INTEGRAL  
PART OF THE MULTILATERAL TRADE NEGOTIA-  
TIONS. FRANCE ALSO SUPPORTS IBRD "THIRD WINDOW" PRO-  
POSAL, WHICH IS APPROPRIATELY ADDRESSED TO PROBLEMS OF  
MIDDLE GROUP OF DEVELOPING COUNTRIES BETWEEN THOSE  
WHICH CAN AFFORD TO BORROW ON COMMERCIAL TERMS AND  
THOSE WHICH MUST HAVE CONCESSIONAL ASSISTANCE.  
RUSH

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, FOREIGN MINISTERS MEETINGS, ECONOMIC TRENDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PARIS04378  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750059-0555  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750231/aaaabccci.tel  
**Line Count:** 182  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 MAY 2003 by BrownAM>; APPROVED <21 JAN 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCE MINISTER ON MONETARY REFORM  
**TAGS:** EFIN, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006